

### OLDER PEOPLE IN THE EUROPEAN COMMUNITY - LIVING CONDITIONS



*This second Rapid Report on older people will present some data on their economic situation, by examining some monetary (total consumption) and non-monetary indicators (home ownership and availability of some durable goods and household facilities) and then going on to observe the way in which they spend their budget. The evidence on the differences in living standards between older people and the rest of the population is mixed: while purely economic measures suggest larger inequalities between older people and the rest of the population in countries with higher per capita income, non monetary indicators suggest the contrary larger inequalities in countries with lower per capita income.*

Older people, for the purpose of this study, are those living in households formed by one person over 65 years old or by a couple in which at least one of the members is over 65. Only single persons or couples living in private households have been considered, as Family Budget Surveys, from which the data in this report are extracted, do not include non-private households in their samples. This leaves out of the sample a proportion of older people which is estimated to be less than 5% of the total. For any methodological clarification, see the methodological note.

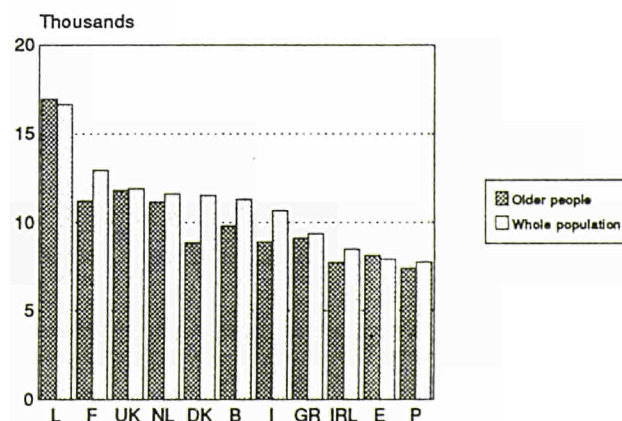
#### Total consumption

Chart 1 shows the total consumption expenditure of older people in comparison with the whole population. This figure gives an approximate measure of the comparative welfare of older people.

The chart reveals the following pattern: in the four countries where the consumption levels of the population as a whole per adult equivalent are lower (Greece, Ireland, Portugal and Spain), there are only marginal differences between older people and the whole population. A second group of countries, formed by Italy, Belgium, Denmark, the Netherlands, the United Kingdom and France have substantially higher overall levels of consumption.

The inequalities between older people and the rest of the population are more important in this group, with the exception of the Netherlands and the United Kingdom. Lastly, the consumption levels of both groups in Luxembourg are very high and the inequalities almost non-existent.

Chart 1: Consumption in PPS. 1988



Conversion rates at purchasing power parity levels; adult equivalent: OCDE scale weights: first adult=1; other adults=0.7; children=0.5

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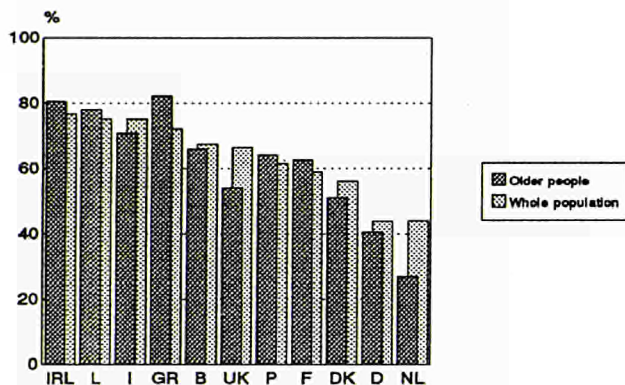
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## Home ownership

Chart 2: Ownership share. 1988



Owner occupied accommodations as a percentage of the total

Three groups of countries emerge in terms of the level of home-ownership: in the first group, formed by Ireland, Luxembourg, Italy and Greece the overall levels of ownership are above 70%. In the second group, formed by Belgium, the United Kingdom, Portugal and France the overall levels of home ownership are lower, around 60%. Lastly, Denmark, Germany and the Netherlands have the lowest overall levels of owner occupied accommodation. Regarding the position of the older people, they have higher than average levels of home ownership in Ireland, Luxembourg, Greece, Portugal and France. In Italy, Belgium, Denmark and Germany they have slightly lower levels than the average. Finally, older people have substantially lower levels of home-ownership than the rest of the population in the United Kingdom and the Netherlands. In the latter country, for example, only 27% of older people own the house they occupy.

## Level of comfort

In order to be able to estimate living conditions across the EC, an index of household comfort and amenities has been developed. It takes into account the availability of 7 durable goods and household amenities<sup>1</sup>.

From Chart 3 the following conclusions can be drawn:

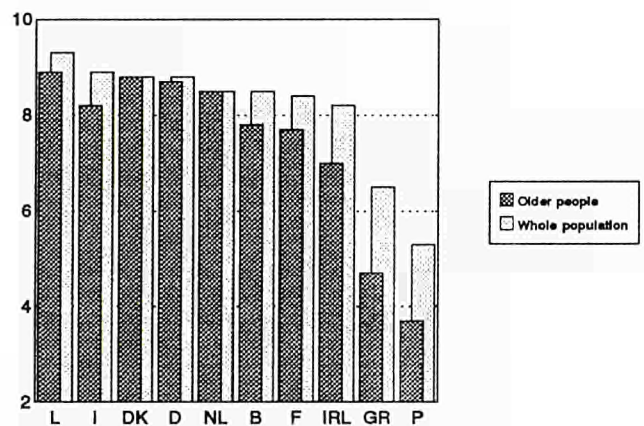
- Older people have a lower overall comfort level than the rest of the population in most of the Member States of the Community.

- Countries where there are lower overall levels of comfort see the largest gaps in living standards between older people and the rest of the population.

- The inequalities between older people are greater than between the populations of the various EC countries taken as a whole, as can be shown through a comparison of the standard deviation of the two indexes.

There are three main patterns in the chart: in a first group of countries, including Denmark, Germany, and the Netherlands, older people and the rest of the population have the same comfort levels, as defined by this index; in a second group, formed by Luxembourg, Italy, Belgium, France and Ireland there are larger differences

Chart 3: Comfort index. 1988



This index reflects the degree of availability of 7 durable goods and household facilities

between older people and the rest of the population and in the last three countries, lower overall indexes; lastly, in Greece and Portugal, the overall index is substantially lower, and the difference between both groups inside each country is the largest of all. There is thus a correlation between the level and the gap: the lower the overall index, the larger the gap between older people and the rest of the population. This conclusion is different from the one that would be reached from a purely monetary measurement, such as the one used on page one of this report or others.

Some concrete examples of the availability of certain durable goods items and household facilities may be used in order to examine these differences in the standards of living.

(1) The following seven facilities and durable goods items have been included: inside WC, bath or shower on the premises, hot running water, telephone, colour television, washing machine and deep-freeze. When data on one of these items were not available for a given country, the index was adjusted accordingly.



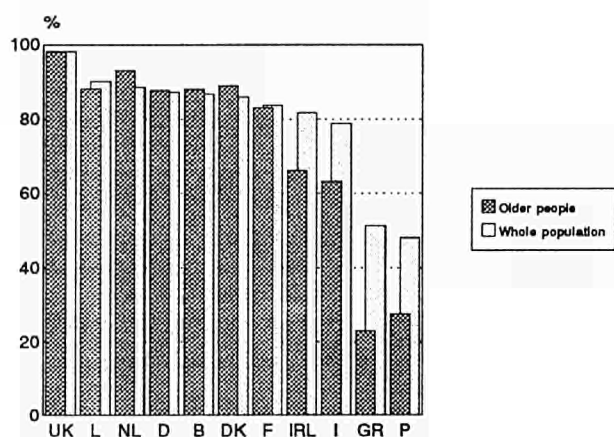
**Table 1: Availability of durable goods (%). 1988**

Durable goods	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
<b>Car</b>												
Whole population	74	62	68	38	na	77	52	74	83	68	36	68
Older people	50	48	33	7	na	47	29	26	52	49	12	42
<b>Colour tv</b>												
Whole population	87	86	87	51	na	84	82	79	90	89	48	98
Older people	88	89	88	23	na	83	66	63	88	94	28	98
<b>Hi-Fi system</b>												
Whole population	na	78	42	27	na	41	37	43	48	73	na	na
Older people	na	51	19	3	na	11	8	11	10	38	na	na
<b>Washing machine</b>												
Whole population	85	66	86	70	na	86	77	91	95	90	50	86
Older people	69	57	79	41	na	74	50	83	92	86	30	71
<b>Deep-freezer</b>												
Whole population	64	89	70	3	na	44	na	na	72	40	36	39
Older people	49	91	59	1	na	31	na	na	60	34	18	29
<b>Dishwasher</b>												
Whole population	22	25	29	8	na	28	8	17	40	9	6	na
Older people	10	12	9	3	na	12	3	8	16	4	3	na

### Availability of selected durable goods

The figures in the table above show that the pattern drawn by the comfort index on page two can be observed in most of the necessary durable goods. The table on the following page shows similar patterns in respect of household facilities.

**Chart 4: Colour TV. 1988**

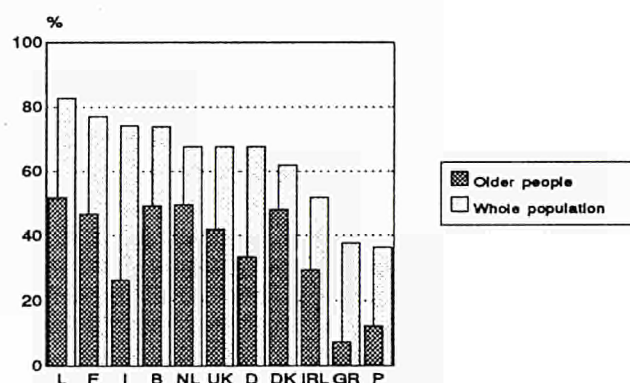


- Colour television: the pattern of colour television possession reflects the trend described: the gap between older people and the population as a whole increases as the overall ownership level diminishes. The overall levels in the United Kingdom, Luxembourg, the Netherlands, Germany, Belgium, Denmark and France are very high and the gap between older people and total population is small. This gap is either favourable to older people, as in Denmark and the Netherlands, or almost insignificantly less favourable, as in Luxembourg and France. Ireland and Italy are in an intermediate situation, with high levels among the whole population and a significant gap between older people and the rest of the population.

Lastly, the overall level of Portugal and Greece is at least thirty points lower than in any of the other countries, and in both countries there are still another twenty points of difference between older people and the rest of the population.

- Washing machine: in all cases older people have lower levels of equipment than the rest of the population. However, the difference between older people and the rest of the population does not remain constant across countries. The level of possession of washing machines by older people is insignificantly lower in Luxembourg, clearly lower in the Netherlands, Belgium, Italy, the United Kingdom, France, Germany and Denmark, and much lower in Greece, Portugal and Ireland.

**Chart 5: Car. 1988**



- Car ownership: the pattern of car ownership is different for older people. 50% seems to be the limit above which car ownership cannot grow, regardless of the economic situation. However, the proportion of older people who own a car is variable, from negligible in Greece and Portugal up to 50% in Luxembourg, France, Belgium, the Netherlands, the UK and Denmark.

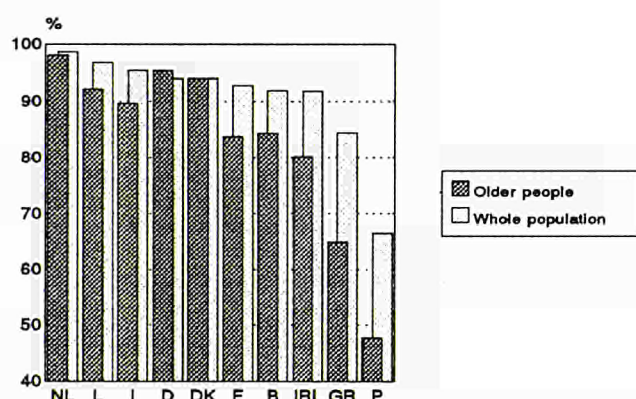


Table 2: Availability of household facilities (%). 1988

Household facilities	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
<b>Inside WC</b>												
Whole population	94	97	97	85	na	94	94	99	99	na	79	na
Older people	92	99	99	70	na	87	87	98	99	na	67	na
<b>Kitchen</b>												
Whole population	na	100	100	96	na	95	na	na	100	98	99	na
Older people	na	100	na	92	na	96	na	na	100	98	98	na
<b>Bath/shower on premises</b>												
Whole population	92	94	94	84	na	93	91	95	97	99	66	na
Older people	84	94	95	65	na	84	80	90	92	98	48	na
<b>Hot running water on premises</b>												
Whole population	87	na	na	84	na	95	91	94	97	100	na	na
Older people	76	na	96	64	na	90	79	88	92	100	na	na
<b>Central heating</b>												
Whole population	63	88	88	41	na	72	58	na	88	76	na	na
Older people	58	91	74	28	na	64	37	na	82	71	na	na
<b>Telephone</b>												
Whole population	84	94	94	75	na	93	54	79	98	96	41	na
Older people	86	98	91	68	na	91	60	70	98	98	29	na

## Availability of selected household facilities

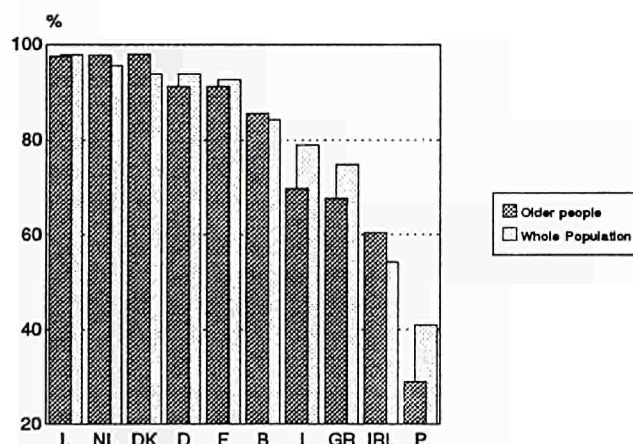
Chart 6: Bath or shower. 1988



- Bath or shower: there is a first group of countries in which there is virtually no difference between older people and the rest of the population. This group comprises The Netherlands, Germany and Denmark. In a second group composed of Luxembourg, Ireland, Italy, France and Belgium, the differences are larger, but in all these countries more than 80% of older people have a bath or shower inside their home. Greece and Portugal are the only countries where this ratio is under 70% for older people. In Portugal less than 50% of older people have an inside bath or a shower.

- Telephone: for older people even more than for the rest of the population, a telephone can be considered a primary need and the pattern of phone ownership is similar to those for the other necessary items observed: in Luxembourg, the Netherlands and Denmark, nearly 100% of both age groups own a phone; in Germany, France and Belgium both groups have levels above 80%; in Italy, Greece and Portugal the levels are substantially lower for the population as a whole and the gap with older people is more important. Ireland breaks the pattern, with older people having a significantly higher level. This could be related to the important subsidies granted<sup>2</sup>.

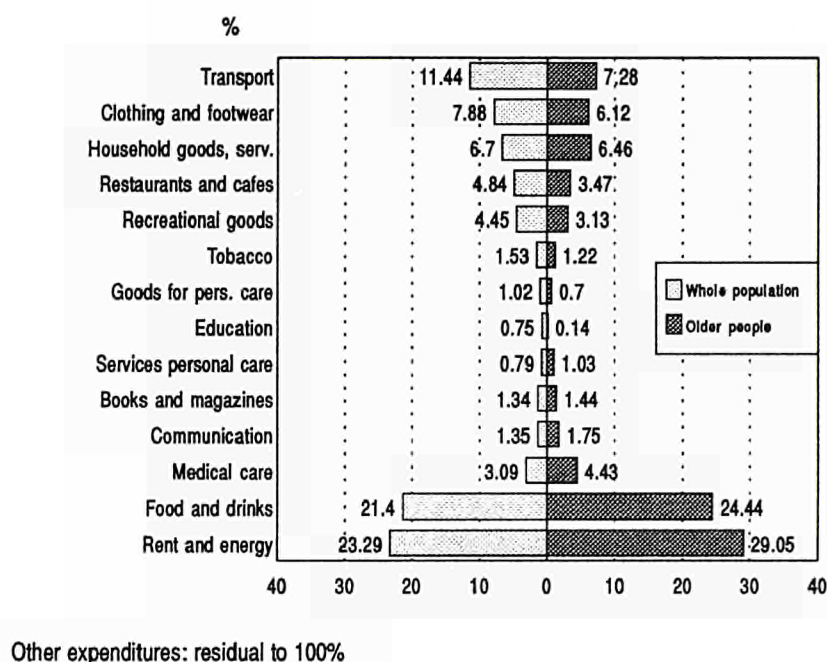
Chart 7: Telephone. 1988



(2) Cfr. Digest of statistics on social protection in Europe (Volume 1).



**Chart 8: Consumption structures EUR 11 (%). 1988**



## Consumption structures of older people

How do consumption structures evolve as the population grows older? Are there similar trends across the Community? What are the goods and services on which older people tend to spend more? The chart above and the table in the following pages show the pattern of consumption of older people compared with the average for the population as a whole in eleven countries of the Community (the German data are not yet available). In the chart the different items are in descending order of magnitude, starting with those for which older people spend more than the rest of the population, and going on to those in which they spend less, always as a percentage of their budget.

### *Sectors in which consumption expenditure is higher among older people*

#### Gross rent, fuel and power

Older people spend on average 29% of their budget on rent and energy across the EC. This average reflects different national realities ranging from 18% in Portugal to 36% in the United Kingdom but is larger than the share of the budget spent by younger people in every country.

#### Food expenditure

In all countries in the sample except Belgium, older people spend a larger share of their budget on food than the rest of the population. This difference between older people and total population ranges from marginal in Luxembourg to 30% in the cases of Greece and Den-

mark. The share of food expenditure is 40% in Portugal, 30% in Ireland, Greece Spain and Italy and between 16% and 20% in the rest.

#### Medical products and services

Older people spend a higher share of their budget on medical products and services than the rest of the population in all EC countries observed in this report except Italy. However, both the gap between the two groups and the proportions spent on medical products and services vary across the EC. The gap between older people and the rest of the population ranges from 10% in Spain to 60% in Greece, France and Denmark. Older people spend between 1.4% (United Kingdom) and 8.5% (in France) of their budgets on health. To interpret this difference one should be aware of the fact that there are different ways of financing social security systems and of recording health expenditure in the household budget surveys.

#### Communication

Older people have a higher communications-related expenditure than the rest of the population in all countries of the sample except Italy. The share of the budget spent on communications by an EC citizen ranges between 1% and 1.9%, and the share spent by an EC citizen over 65 from 1.2% to 2.4%. It is in the cases of Ireland and Denmark that the difference between older people and the rest of the population is greater. Older people in Ireland spend a larger share of their budget on communications than any other group in the rest of the EC.

Table 3: Consumption structure (%). 1988

Expenditure groups	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR11
<b>Food and drinks</b>													
Whole population	18.4	15.6	na	23.2	27.8	16.3	22.3	28.7	16.5	15.9	32.1	18.8	21.4
Older people	18.3	20.0	na	30.3	32.1	18.7	25.8	29.2	17.3	16.4	40.3	20.4	24.4
<b>Tobacco</b>													
Whole population	0.8	2.3	na	2.4	1.3	0.7	3.3	0.8	0.7	0.9	1.5	2.1	1.5
Older people	0.5	2.2	na	2.2	0.7	0.2	3.5	0.7	0.5	0.9	0.7	1.4	1.2
<b>Clothing and footwear</b>													
Whole population	6.2	4.7	na	12.5	10.7	5.4	6.8	8.2	9.4	7.1	9.0	6.7	7.9
Older people	4.3	4.1	na	8.7	9.6	4.4	4.3	7.4	8.0	5.7	6.1	4.7	6.1
<b>Rent and energy</b>													
Whole population	24.8	30.0	na	20.1	19.5	30.5	16.2	27.5	25.7	22.8	13.5	25.5	23.3
Older people	30.4	33.4	na	28.0	24.9	35.0	26.7	28.6	30.6	27.2	17.7	36.0	29.1
<b>Household goods and services</b>													
Whole population	6.9	5.2	na	7.9	6.4	7.4	5.3	7.6	7.3	6.9	7.1	5.7	6.7
Older people	6.5	6.2	na	7.3	6.3	7.1	5.6	8.2	5.4	6.0	6.4	6.1	6.5
<b>Health expenditure</b>													
Whole population	4.1	1.9	na	4.4	2.4	5.3	2.6	3.4	4.0	1.8	3.1	1.1	3.1
Older people	5.3	3.1	na	6.9	2.6	8.5	3.7	3.4	5.3	2.1	6.4	1.4	4.4
<b>Transport</b>													
Whole population	10.7	14.6	na	9.3	11.5	13.8	11.0	6.1	13.2	11.5	14.5	9.6	11.4
Older people	7.8	9.5	na	3.5	7.3	8.1	6.2	5.1	8.0	9.7	8.1	6.8	7.3
<b>Communication</b>													
Whole population	1.4	1.3	na	1.2	1.0	1.6	1.6	1.9	1.1	1.5	1.2	1.1	1.4
Older people	1.6	2.4	na	1.6	1.2	1.9	2.4	1.8	1.3	2.1	1.4	1.6	1.8
<b>Recreational goods and services</b>													
Whole population	4.7	5.8	na	3.2	3.3	3.9	4.9	3.2	4.4	7.4	2.6	5.6	4.5
Older people	3.8	4.9	na	1.6	2.0	2.8	2.7	3.0	2.7	5.6	1.5	3.8	3.1

### *Sectors in which older people spend less than the rest of the population*

#### Transport

The homogeneity in this case is significant regarding both the gap between older people and younger people and the share spent in transport by older people across the EC. On average, an EC citizen spends 11% of his/her budget on transport-related goods and services. Expenditure by older people in transport goods and services represents in all countries of the sample a significantly lower proportion of their budgets: between 3.5% and 9% (EC average 7.3%) depending on the country. This is a significant reduction, which goes in the same direction as the lower level of car ownership seen before. It may also be related to the subsidies enjoyed by older people in public transport.

#### Clothing and footwear

Clothing and footwear expenditure represents between around 5% (France, Denmark) and 12% (Greece) of the total budget of an EC citizen. There is an EC-wide tendency towards a reduction of this share as people get older. The share of the budget spent on clothing and footwear by older people oscillates between the 4% of Denmark, France and Ireland to the 10% of Spain.

#### Recreational goods and services except books

In all the countries of the sample we find the same pattern: older people across the Community spend less on recreational goods and services except books than younger people. Older people spend on average 3% of their budget, whereas the figure for the total EC population is closer to 4.5%.

#### Tobacco

Older people spend between 0.2% (France) and 3.5% (Ireland) of their budget. Older people spend less on tobacco than the rest of the population in all countries except Ireland. This is especially the case in Spain, France, Portugal the United Kingdom.

#### Services and goods for personal care

Interestingly, these items show an inverse trend. Older people in all countries spend less on goods for personal care, such as cosmetics, perfumes etc., whereas in all countries but Greece, Italy and Portugal they spend a higher share of their budget than the average citizen on services for personal care, such as hair-dresser, etc.

Table 4: Consumption structure (%) (cntd.). 1988

Expenditure groups	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR11
<b>Books and magazines</b>													
<i>Whole population</i>	1.2	1.7	na	0.9	0.7	1.2	1.9	1.3	1.5	2.1	0.6	1.8	1.3
<i>Older people</i>	1.2	2.4	na	0.7	0.5	1.5	2.3	0.1	1.4	2.3	0.2	2.1	1.4
<b>Educational fees</b>													
<i>Whole population</i>	0.4	0.4	na	1.6	1.5	0.4	1.2	0.2	1.0	0.4	0.6	0.6	0.8
<i>Older people</i>	0.3	0.1	na	0.0	0.4	0.0	0.1	0.0	0.3	0.1	0.0	0.4	0.1
<b>Services for personal care</b>													
<i>Whole population</i>	0.8	0.7	na	0.4	0.6	0.8	0.6	1.9	0.9	0.7	0.6	0.7	0.8
<i>Older people</i>	1.2	1.3	na	0.3	0.7	1.1	0.7	1.8	1.5	1.2	0.5	1.0	1.0
<b>Goods for personal care</b>													
<i>Whole population</i>	1.0	0.6	na	1.5	0.9	0.9	1.1	1.5	0.7	0.8	0.7	1.6	1.0
<i>Older people</i>	0.6	0.4	na	0.5	0.7	0.6	0.5	1.2	0.5	0.6	0.5	1.6	0.7
<b>Restaurants and cafes</b>													
<i>Whole population</i>	3.5	2.1	na	6.4	7.7	3.5	7.6	3.3	3.0	3.3	8.9	3.9	4.8
<i>Older people</i>	3.6	1.4	na	3.1	4.9	2.0	4.6	3.4	3.8	3.0	6.3	2.1	3.5
<b>Hotels, package tours</b>													
<i>Whole population</i>	4.6	2.3	na	0.6	0.5	1.1	3.1	0.5	4.2	2.1	0.4	3.2	2.1
<i>Older people</i>	5.0	2.6	na	0.7	0.5	1.7	2.0	0.8	4.4	2.7	0.4	2.1	2.1
<b>Financial and other services</b>													
<i>Whole population</i>	4.5	5.3	na	1.4	0.5	1.6	0.7	0.1	1.6	3.4	0.4	4.0	2.1
<i>Older people</i>	1.4	3.2	na	1.5	0.6	1.6	1.0	0.0	1.3	3.9	0.5	1.5	1.5
<b>Taxes and licences</b>													
<i>Whole population</i>	0.5	0.6	na	0.0	0.0	0.7	0.8	0.0	0.0	1.1	0.1	0.4	0.4
<i>Older people</i>	0.4	0.6	na	0.0	0.0	0.4	0.6	0.0	0.0	0.8	0.1	0.7	0.3

## Conclusions

The average levels of consumption expenditure of the whole population and of older people are similar in Spain, Portugal, Greece, Ireland, Luxembourg, the Netherlands and the United Kingdom. In the other countries of the Community for which figures are available, the differences in consumption levels are more significant, specially in the cases of Denmark and France.

In the countries where average per-capita income and overall comfort level is higher the inequalities in living conditions between older people and the rest are smaller. Ireland, Portugal and Greece have, of all the countries in the sample, the largest gaps between older people and the rest of the population in the levels of living.

While both total consumption and share of the budget spent on a particular group of goods and services differs widely across the EC, the evolution of the consumption structures as people grow older is remarkably homogeneous. Compared to the whole population, older people spend a smaller proportion of their budget than the rest of the population on clothing and footwear, transport, recreational goods and services (except books and magazines), education, goods for personal care, restaurants and cafes, and tobacco. On the other hand, they spend a larger part of their budget than the average of the population on rent and energy, foods and drinks, medical products and services, and communications.

### **Methodological Note**

*This Rapid Report is based mainly on data provided by the Family budget surveys carried out by the Member States of the EC. The figures used come from the Eurostat database on Family budgets, which is available in the publications "Family budgets - Comparative tables 1988" (Eurostat, 1992-1993). In order to allow for the compatibility of the results, these data are harmonised by Eurostat. Due to differences in coverage and processing of the surveys, some data are not available for Spain and for Germany. Furthermore, some percentages are difficult to compare due to differences in survey structures and contents.*

*Older people, for the purpose of this study, are those living in households formed by one person over 65 years old or by a couple in which at least one of the members is over 65. The information that can be extracted from the Family budgets surveys is only related to private households. For this reason, this report does not cover older people living in residences and other non-private housing. This leaves out of the sample a proportion of the older people which is estimated to be less than 5% of the total number of old people in the EC on average.*

*In order to be able to compare living standards appropriately in Chart 1, Purchasing Power Parities are used. Also, in order to avoid the distortions due to the "per capita" measures in terms of welfare, the OECD equivalence scale is used. This equivalence scale tries to take into account the scale economies existing in a household: as the number of members increases, the per capita amount spent, for example, in transport and housing necessarily diminishes without meaning a lower level of welfare. To do this, it gives the first adult a weight of 1, the rest of the adults a weight of 0.7, and the children a weight of 0.5.*

**For further information**

**Recent publications from Eurostat:**

**- "1988 Family budget surveys" (1992-1993)**